

Message Text

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12
ACTION EUR-12

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LIMITED OFFICIAL USE NAPLES 0048
SUBJECT: ECONOMIC DIFFICULTIES OF AMERICAN SUBSIDIARIES IN NAPLES
AREA

REF: NAPLES MEMCONS RE GENERAL INSTRUMENT (JAN.10&16,1975);
SPERRY-SUD (NOV. 22, 1974 & JAN.16 1975); RICHARDSON-MERRELL (MAY
17 & JULY 8, 1974 AND JAN 14, 1975)

1. SUMMARY:NOTIFICATION TO UNIONS, JAN 8, OF INTENTION OF GENERAL
INSTRUMENT NAPLES SUBSIDIARY TO DISMISS 314 WORKERS HAS PROVOKED
LIMITED REACTION TO DATE. HOWEVER, MANAGEMENT CONCERNED THAT
PLANNED QUOTE STRUGGLE DAY UNQUOTE, JAN 21, INCLUDING SYMPATHY
STRIKES AT SIX OR MORE OTHER FIRMS, DEMONSTRATION IN CENTER OF
NAPLES, AND POSSIBLE ATTEMPT DISRUPT RAIL AND ROAD COMMUNICATIONS
NAPLES-ROME, WILL INTENSIFY CONFLICT. MEANWHILE, OTHER AMERICAN

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SUBSIDIARIES WITH OVER-LOADED PAYROLLS AND FALLING ORDER LEVELS,
ARE WATCHING SITUATION CLOSELY, AND CONSIDERING FOLLOWING GENERAL
INSTRUMENTS' LEAD.

2.FOLLOWING CALLS BY GENERAL INSTRUMENT'S U.S. PRESIDENT SHAPIRO
ON HIGH-LEVEL GOI OFFICIALS JAN. 7, FIRM'S NAPLES SUBSIDIARY (GENERAL
INSTRUMENT EUROPE - GIE) INFORMED UNIONS OF INTENTION DISMISS 314
EMPLOYEES. TO DATE, FIRM'S 820 WORKERS HAVE (A) ENGAGED IN SLOWDOWNS
AND MINOR DISRUPTIONS AT FACTORY; (B) STAGED SEVERAL FOUR-HOUR
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STRIKES, BRIEFLY BLOCKING TRAFFIC IN DOWNTOWN NAPLES AND THE INDUST-

RIAL ZONE; (C) MET WITH PROVINCIAL AND REGIONAL GOVERNMENT OFFICIALS;
AND (D) MOBILIZED LIMITED POLITICAL AND PRESS SUPPORT. INTERNALLY,
THE GIE PLANT IS BARELY FUNCTIONING, WITH EMPLOYEES CONSULTING THE
FACTORY COUNCIL BEFORE UNDERTAKING ANY NORMAL WORK ACTIVITIES.
3. GIE MANAGEMENT IS CONCERNED THAT QUOTE OPEN ASSEMBLY UNQUOTE HELD
BY WORKERS JAN. 15 MAY ESCALATE THIS MILD (FOR NAPLES) REACTION.
PRESENT AT ASSEMBLY WERE PCI MAYOR OF GIUGLIANO (AREA WHERE PLANT IS
LOCATED) AND SEVERAL FIGURES OF EXTRA-PARLIAMENTARY LEFT, AS WELL
AS REPRESENTATIVE FROM FACTORY COUNCILS OF SIX AREA FIRMS (INCLUDING
TEXAS INSTRUMENTS SUBSIDIARY). ASSEMBLY DECLARED JAN. 21 QUOTE
GIUGLIANO STRUGGLE DAY UNQUOTE, WITH SYMPATHY STRIKES AT OTHER AREA

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FIRMS. DEMONSTRATION OF 2000-3000 WORKERS SLATED AT OUTSIDE
HEADQUARTERS INDUSTRIALISTS' UNION IN CENTRAL NAPLES TO COINCIDE
WITH MEETING BETWEEN GIE MANAGEMENT AND UNION REPRESENTATIVES.
WORKERS ALSO DISCUSSED POSSIBLE ATTEMPT TO DISRUPT NAPLES-ROME RAIL
AND ROAD COMMUNICATIONS, AND OTHER HEADLINE-MAKING ACTIONS.
4. GIE MANAGEMENT HAS ALSO EXPRESSED CONCERN THAT LACK OF DECISIVE
LEADERSHIP BY UNIONS AND AGGRESSIVENESS OF EXTRA-PARLIAMENTARY LEFT
ELEMENTS COULD SHIFT DISMISSAL ISSUE TO BROADER, AND POTENTIALLY
VIOLENT PLANE. A FORMAL WORKER OCCUPATION OF THE FACTORY ON FEB. 3
(WHEN INDIVIDUAL DISMISSAL LETTERS ARE MAILED) OR EARLIER IS LIKELY.
5. COMMENT: SINCE 1972, A NUMBER OF AMERICAN FIRMS HAVE LIQUIDATED
THEIR INVESTMENTS IN THE NAPLES AREA, INCLUDING U.S. STEEL (WIRE);
VAN RAALTE (CLOTHING); SUNBEAM (RAZORS); RAYTHEON (ELECTRONICS);
AND ITALCOLD (REFRIGERATORS). IN SOME CASES, THERE HAS BEEN A SIMPLE
SALE OF SHARES; IN OTHERS, PROTRACTED NEGOTIATIONS AND FACTORY
OCCUPATIONS. HOWEVER, AMERICAN FIRMS IN THIS AREA HAVE SELDOM
TRIED TO REDUCE THEIR WORK FORCE, WHILE REMAINING IN BUSINESS.
THUS, A NUMBER OF OTHER AMERICAN SUBSIDIARIES WITH HEAVY PAYROLLS
AND FALLING PRODUCT DEMAND, BUT WITH IMPORTANT MARKET SHARES OR
RELATED COMMERCIAL INTERESTS, WILL BE CLOSELY WATCHING THE OUTCOME OF

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THE GIE DISMISSAL ACTION. IF GIE SUCCEEDS, RICHARDSON-MERRELL
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(PHARMACEUTICALS), SPERRY SUD (TYPEWRITERS), AND OTHERS ARE LIKELY
TO FOLLOW SUIT. HOROWITZ

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